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SENATE

REPORT
102-239

AMENDING THE PENNSYLVANIA AVENUE DEVELOPMENT CORPORATION ACT OF 1972

NOVEMBER 23 (legislative day, NOVEMBER 20), 1991.—Ordered to be printed

Mr. JOHNSTON, from the Committee on Energy and Natural Resources, submitted the following

REPORT

[To accompany H.R. 3387]

The Committee on Energy and Natural Resources, to which was referred the Act (H.R. 3387) to amend the Pennsylvania Avenue Development Corporation Act of 1972 to authorize appropriations for implementation of the development plan for Pennsylvania Avenue between the Capitol and the White House, and for other purposes, having considered the same, reports favorably thereon without amendment and recommends that the Act do pass.

PURPOSE OF THE MEASURE

The purpose of H.R. 3387, as ordered reported, is to authorize appropriations for the Pennsylvania Avenue Development Corporation totaling approximately $2.8 million for fiscal year 1992.

BACKGROUND AND NEED

The Pennsylvania Avenue Development Corporation (PADC) was established by Congress in 1972 to coordinate the revitalization of Pennsylvania Avenue between the White House and the Capitol. The enabling legislation directed PADC to prepare a plan for the comprehensive rebuilding of the corridor. That plan was approved by Congress in 1975.

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The plan proposed major new development within the corridor, including 5 million square feet of office space, 700,000 square feet of retail and arts space, 1,000 hotel rooms, and up to 1,500 housing units. Currently, nearly $1.5 billion of private funds have been invested in the Pennsylvania Avenue corridor. Over 4 million square feet of office space have been built or contracted for construction, over 1,000 hotel rooms have been built, over 600,000 square feet of retail and arts space have been, or are in the process of being constructed, and nearly 1,000 housing units have been built, or are under contract for construction. In addition, six new parks and plazas have been constructed along the corridor.

H.R. 3387 authorizes appropriations for PADC to cover the corporation's operating and administrative expenses for FY 1992.

Legislative History

H.R 3387 passed the House of Representatives by voice vote on November 5, 1991. A companion measure, S. 1660 was introduced by Senator Johnston at the request of the Administration on August 2, 1991. The Subcommittee on Public Lands, National Parks and Forests held a hearing on S. 1660 on November 7, 1991.

At the business meeting on November 20, 1991, the Committee on Energy and Natural Resources ordered H.R. 3387 favorably reported.

Committee Recommendations and Tabulations of Votes

The Committee on Energy and Natural Resources, in open business session on November 20, 1991, by a unanimous vote of a quorum present, recommends that the Senate pass H.R. 3387 as described herein.

The rollcall vote on reporting the measure was 20 yeas, 0 nays, as follows:

YEAS	NAYS
Mr. Johnston	
Mr. Bumpers	
Mr. Ford	
Mr. Bradley	
Mr. Bingaman*	
Mr. Wirth	
Mr. Conrad*	
Mr. Akaka*	
Mr. Fowler*	
Mr. Shelby*	
Mr. Wellstone	
Mr. Wallop	
Mr. Hatfield*	
Mr. Domenici	
Mr. Murkowski	
Mr. Nickles	
Mr. Burns	
Mr. Craig	
Mr. Seymour	
Mr. Garn	

*Indicates voted by proxy.

Summary of H.R. 3387

H.R. 3387 amends section 17(a) of the Pennsylvania Avenue Development Corporation Act of 1972 (86 Stat. 1266, 40 U.S.C. 885(a)) to increase authorizations for operating and administrative expenses for the corporation from $2,200,000 to $2,807,000 for fiscal year 1992.

Cost and Budgetary Considerations

The Congressional Budget Office estimate of the costs of this measure has been requested but was not received at the time the report was filed. When the report is available, the Chairman will request it to be printed in the Congressional Record for the advice of the Senate.

Regulatory Impact Evaluation

In compliance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred in carrying out H.R. 3387. The Act is not a regulatory measure in the sense of imposing Government-established standards of significant economic responsibilities on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

Little, if any, additional paperwork would result from the enactment of H.R. 3387, as ordered reported.

Executive Communications

S. 1660, the Senate companion measure to H.R. 3387, was introduced by Senator Johnston at the request of the Administration. The testimony provided by the Pennsylvania Avenue Development Corporation at the Subcommitttee hearing on S. 1660 follows:

Statement of Richard A. Hauser, Chairman, Pennsylvania Avenue Development Corporation

I am Richard A. Hauser, Chairman of the Pennsylvania Avenue Development Corporation. I am pleased to present my testimony in support of S. 1660, a bill introduced on August 2, 1991, to authorize appropriations for PADC's salaries and expenses for the Corporation for fiscal years 1992, 1993, and 1994. PADC's program for revitalizing Pennsylvania Avenue and its environs, based on the Plan approved by the Congress, is moving ahead to a successful completion, on a timeline that requires the extension of the current authorization.

Before I comment on our plans for the next 3 fiscal years, I will describe briefly the important elements of the background that brought us to this point.

BACKGROUND OF PADC

The PADC is a federal corporation created by Public Law 92-578, dated October 27, 1972, to carry out an extensive revitalization program in the area between the Capitol and the White House. Section 2 of the Act states that it is in the national interest that the area adjacent to Pennsylvania Avenue between the Capitol and the White House be developed, maintained, and used in a manner suitable to its ceremonial, physical, and historic relationship to the legislative and executive branches of the Federal Government. At the time of the passage of the Act, Pennsylvania Avenue and its northern blocks were in an advanced state of decay. It was described in an official report as "a scene of desolation." Physical decline was evident in the numerous deteriorating structures. Private investment had largely abandoned this area in favor of other District and suburban office and retail locations. The Act directed the newly-created Pennsylvania Avenue Development Corporation to prepare a plan for a comprehensive rebuilding of this corridor, as a first step in the revitalization process. The product of the Corporation's effort is a document entitled The Pennsylvania Avenue Plan—1974, submitted to and approved by the Congress in 1975.

The Plan envisioned a public/private partnership approach to redevelopment, incorporating both Federal and private sector expenditures. The public spaces of Pennsylvania Avenue and adjoining streets would be redesigned and improved with parks, plazas, landscaping, lighting and other pedestrian amenities. These improvements would serve the purposes of providing an attractive public environment and providing the infrastructure to help attract private investment to the adjacent squares. On the squares, the Plan described a mixture of land uses which, when developed, would enliven the area beyond traditional office-working hours. Consequently, traditional office land uses were combined with plans for new retail, hotel, theater uses and—in a departure from previous planning for downtown Washington, DC—housing. The magnitude of new development envisioned for the fifteen blocks comprising the project area encompasses 5 million square feet of office space, 700,000 square feet of retail and arts space, 1,000 hotel rooms, and up to 1,500 housing units. The development would be achieved through private investment, which would be attracted by the amenity of public space improvements and the powers of the Corporation to acquire key parcels of land through negotiation or condemnation. Land would be purchased by PADC with funds borrowed from the U.S. Treasury, and then sold or leased to developers who would construct projects consistent with the Plan and approved by the Corporation's Board of Directors. The Plan also directed the PADC to contribute to projects in which noteworthy historic properties would be restored and to assist in relocating existing businesses.

BACKGROUND OF APPROPRIATIONS

While the PADC had been receiving appropriations for salaries and expenses since 1973, it was not until the summer of 1977 that appropriations were first made available for implementation of the Plan. Appropriations for the commencement of public area improvements, historic preservation, and business relocation payments were approved simultaneously with the appropriation of U.S. Treasury borrowing authority for land acquisition. In early 1978, the PADC purchased the Willard Hotel and several other key properties, and commenced design work for the Pennsylvania Avenue roadway and sidewalk reconstruction and the first of its planned parks and plazas (Pershing Park and Freedom Plaza).

Since that time, the Corporation has annually received appropriations for salaries and expenses, public development activities (public improvements, historic preservation, and relocation) and, when needed, additional increments of borrowing authority. Authorizing legislation for additional appropriations has been enacted periodically since the mid-1970s. Cumulatively, through FY 1991, public development appropriations total $138 million, while borrowing authority for land acquisition totals $105 million. Sufficient authorized levels exist for continued appropriations for both public development activities and land acquisition. However, authorization for annual salaries and expenses effectively expired at the end of Fiscal Year 1991, with an inadequate amount available for Fiscal Year 1992, necessitating the authorizing legislation (approved by the Office of Management and Budget) that is the subject of this hearing.

While PADC is well on its way towards accomplishing its many objectives, it needs to maintain an adequate staff in fiscal years 1992, and probably 1993, in order to carry out its mandated objectives.

In the thirteen years since the PADC first received implementation funding, nearly $1.5 billion in private investment has been attracted to the fifteen blocks of the project area. Over 4 million square feet of new office space has been built or contracted for construction; over 1,000 hotel rooms are complete (including 365 rooms in the restored, elegant Willard Hotel); over 600,000 square feet of retail and arts uses is complete or under contract for completion; and—significantly—nearly 1,000 housing units in four separate projects are complete, under construction, or under contract. Since $138 million in public development appropriations has been committed, the federal contribution to the public/private partnership has leveraged over ten times that amount in private investment. The public development investment is most visible in the form of the six new parks and plazas along the Avenue, in the newly reconstructed sidewalks with special lighting and landscaping, and in the preservation of key historic properties.

PROGRAM PLANS THROUGH FY 1994

All but a few of the twenty-five projects developed or approved for development on the squares in the PADC area still require some degree of on-going government involvement. This is particularly true, of course, of those projects under construction, such as the Lansburgh's residential complex on 8th and E Streets, or planned for construction, such as those on Squares 406, 407, 457 and 491. Moreover, extensive public improvements are just commencing on the sidewalks and public spaces north of Pennsylvania Avenue, requiring staff involvement in the design and construction work ahead. Furthermore, the passage of the Federal Triangle Development Act in 1987 gave PADC, in cooperation with the General Services Administration and the International Cultural and Trade Center Commission, responsibility for planning and development of a 3.1 million square foot International Cultural and Trade Center (ICTC) and Federal Office Building (FOB) complex over the next several years. This project's fast-track development (now under construction while the design is in the Design Development phase) draws upon a variety of skills from PADC staff whose salaries are paid for with salaries and expenses appropriations.

Looking beyond the completion of our work in implementing the Pennsylvania Avenue Plan, we have submitted Succession recommendations to the Office of Management and Budget with the goal of maintaining the quality of the improvements and protecting the public and private investments.

Changes in Existing Law

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the Act H.R. 3387, as ordered reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

Section 17 of the Pennsylvania Avenue Development Corporation Act of 1972

SEC. 17. (a) In addition to the sums heretofore appropriated, there are authorized to be appropriated for operating and administrative expenses of the Corporation $3,000,000 for the fiscal year ending September 30, 1979; $3,200,000 for the fiscal years ending September 30, 1980, and September 30, 1981; and $3,500,000 for the fiscal years ending September 30, 1982, and September 30, 1983. There are further authorized to be appropriated for operating and administrative expenses of the Corporation sums not to exceed $3,250,000, each, for the fiscal years ending September 30, 1984, September 30, 1985, September 30, 1986, September 30, 1987, and September 30, 1988. There are further authorized to be appropriated for operating and administrative expenses of the Corporation

$2,353,000 for the fiscal year 1989; $2,650,000 for the fiscal year 1990; $2,400,000 for the fiscal year 1991; [and $2,200,000 for the fiscal year 1992.] *and $2,807,000 for the fiscal year 1992.*

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